

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 137679

64

ORIGIN EB-11

INFO OCT-01 ARA-16 IO-14 ISO-00 TRSE-00 FEA-02 AGR-20

CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10

INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-02 SS-20 STR-08 TAR-02 USIA-15 PRS-01 SP-03

OMB-01 SWF-02 /184 R

DRAFTED BY EB/OT/STA:RWINSTANLEY:TEDEAL:JH

APPROVED BY EB/OT/STA:JCRAWFORD

TREAS:RSELF (SUBS)

TREAS:BIRVIN

ARA/BR:AWATSON

----- 041008

P R 262102Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA PRIORITY

INFO AMEMBASSY BUENOS AIRES

USMISSION GENEVA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE STATE 137679

E.O. 11652:GDS

TAGS: ETRD, BR

SUBJECT: COUNTERVAILING DUTY PROCEEDINGS: SUMMARY OF
DISCUSSIONS ON JUNE 17-18

REF: BRASILIA 3775, STATE 72421

1. SUMMARY. DISCUSSION CENTERED AROUND BRAZILIAN BRIEF
EXPLAINING GOB SYSTEM OF TAX INCENTIVES FOR EXPORTS.
BRAZILIANS WERE ADVISED ON BASIS OF INFORMATION PROVIDED
THAT TREASURY WOULD HAVE TO LEVY COUNTERVAILING DUTIES IN
NEAR FUTURE. U.S. SIDE INDICATED NEED FOR ADDITIONAL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 137679

INFORMATION ON CERTAIN POINTS, INCLUDING EXTENT TO WHICH

BRAZILIAN FIRMS ACTUALLY BENEFIT FROM INCENTIVES, PARTICULARLY IN VIEW OF GOB ASSERTION THAT BENEFITS REALIZED BY EXPORTERS ARE LESS THAN FULL AMOUNT THEORETICALLY AVAILABLE. AGREEMENT TENTATIVELY REACHED THAT TREASURY WOULD SEND TEAM TO BRASILIA TO OBTAIN INFORMATION FROM SAMPLE OF REPRESENTATIVE FIRMS. END SUMMARY.

2. DELEGATIONS MET JUNE 17-18 TO DISCUSS COUNTERVAILING DUTY PROCEEDING ON NON-RUBBER FOOTWEAR. DISCUSSION CENTERED ON POINT BY POINT CONSIDERATION OF BRAZILIAN BRIEF ON OPERATION OF GOB'S COMPLEX SYSTEM OF EXPORT INCENTIVES.

3. U.S. MADE CLEAR THAT ON BASIS OF INFORMATION PRESENTLY AVAILABLE TREASURY WOULD IN VERY NEAR FUTURE HAVE TO LEVY COUNTERVAILING DUTIES ON BRAZILIAN FOOTWEAR. FOLLOWING MEET CRITERIA OF "BOUNTY" OR "GRANT" WITHIN MEANING OF COUNTERVAILING DUTY STATUTE:

(A) UTILIZED IPI AND ICM CREDITS GRANTED UPON EXPORTATION OF MERCHANDISE; (B) EXEMPTIONS FROM CORPORATE INCOME TAX ON PROFITS DERIVED FROM EXPORT SALES (TAXABLE PROFITS ARE REDUCED BY PERCENTAGE OF SALES EXPORTED).

4. U.S. REQUESTED AND BRAZILIANS AGREED TO PROVIDE ADDITIONAL INFORMATION ON CERTAIN LEGAL POINTS WHICH COULD HAVE INFLUENCE ON WHETHER PARTICULAR PRACTICES WOULD BE CONSTRUED AS BOUNTY OR GRANT. BRAZILIANS ARGUED, FOR EXAMPLE, THAT IPI INCENTIVE IS COMPENSATION FOR PAYMENT OF PIS (SOCIAL SECURITY TAX LEVIED ON SALES OF FIRM). U.S. INDICATED FACT THAT PIS LEVIED ON SALES COULD MAKE A DIFFERENCE AND ASKED FOR A MEMORANDUM ON THIS POINT.

5. BRAZILIANS ARGUED THAT IN PRACTICE EXPORTERS ARE UNABLE TO TAKE FULL ADVANTAGE OF BENEFITS THEORETICALLY AVAILABLE TO THEM. U.S. ACKNOWLEDGED VALIDITY OF POINT, BUT INDICATED THAT IN ORDER TO TAKE FACT IO ACCOUNT IN ESTIMATION OF DUTIES, WE WOULD NEED INFORMATION ON EXPERIENCE OF SIGNIFICANT NUMBER OF REPRESENTATIVE FIRMS. IT WAS TENTATIVELY AGREED THAT TREASURY WOULD LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 137679

SEND TEAM TO BRAZIL TO GATHER INFORMATION FROM SAMPLE OF AT LEAST TWELVE REPRESENTATIVE FIRMS. THIS INFORMATION WOULD BE MADE AVAILABLE TO TREASURY BEFORE END OF JULY. U.S. STRESSED THAT LATE JULY WAS ABSOLUTE LIMIT BEYOND WHICH TREASURY COULD NOT DELAY ISSUING COUNTERVAILING DUTY ORDER. SISCO

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, AGREEMENTS, LAW, COUNTERVAILING DUTIES, MEETING PROCEEDINGS, DIPLOMATIC DISCUSSIONS, TAX INCENTIVES, TRADE VISITS, EXPORT DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 26 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE137679
Document Source: CORE
Document Unique ID: 00
Drafter: RWINSTANLEY:TEDEAL:JH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740168-1005
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740611/aaaaaixv.tel
Line Count: 113
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: BRASILIA 3775, STATE 72421
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUN 2002 by kelleyw0>; APPROVED <25 MAR 2003 by BoyleJA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COUNTERVAILING DUTY PROCEEDINGS: SUMMARY OF DISCUSSIONS ON JUNE 17-18
TAGS: ETRD, OTRA, BR, US, TRSY
To: BRASILIA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005